

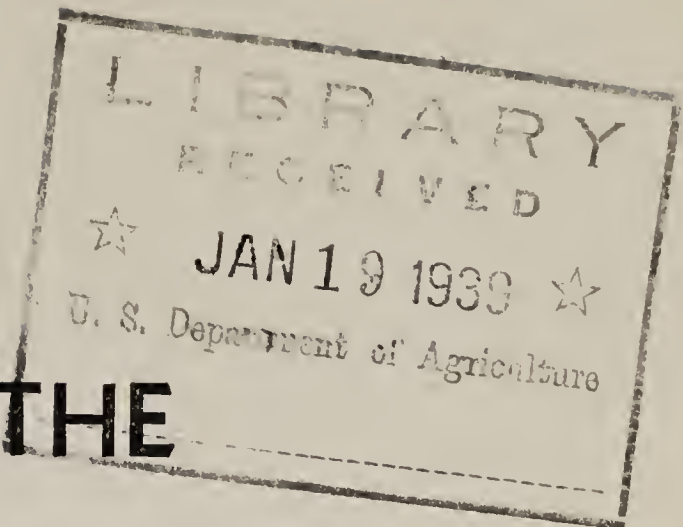
## **Historic, archived document**

Do not assume content reflects current scientific knowledge, policies, or practices.



1.5  
R29

reg.



**REPORT OF THE**  
**ADMINISTRATOR OF**  
**THE FARM SECURITY**  
**ADMINISTRATION**  
**1938**

For sale by the Superintendent of Documents

Washington, D. C.

Price 10 cents

## LETTER OF TRANSMITTAL

UNITED STATES DEPARTMENT OF AGRICULTURE

U.S. FARM SECURITY ADMINISTRATION

WASHINGTON, D. C., *October 1, 1938.*

Hon. HENRY A. WALLACE,  
*Secretary of Agriculture.*

DEAR MR. SECRETARY:

I transmit herewith a report of the work of the Farm Security Administration for the fiscal year ended June 30, 1938.

Sincerely yours,

WILL W. ALEXANDER,  
*Administrator.*



# CONTENTS

	Page
INTRODUCTION . . . . .	1
REHABILITATION . . . . .	3
Farm and home planning . . . . .	3
Standard rural-rehabilitation loans . . . . .	4
Guidance for borrowers . . . . .	4
Security of tenure . . . . .	4
Medical care for low-income farm people . . . . .	5
Farm-debt adjustment . . . . .	5
Community and cooperative services . . . . .	6
Types of community services . . . . .	6
Number of applications . . . . .	7
Services provided without funds . . . . .	8
Progress of rural-rehabilitation clients . . . . .	8
Emergency loans . . . . .	10
Direct relief in the form of grants . . . . .	10
Collections . . . . .	10
FARM PURCHASE FOR TENANTS . . . . .	11
Loans on liberal terms . . . . .	11
Distribution of funds . . . . .	12
Selection of applicants and farms . . . . .	12
Farm planning for owners . . . . .	13
Variable payments . . . . .	13
Size of loans . . . . .	13
THE HOMESTEAD PROJECTS . . . . .	15
Rural homesteads . . . . .	16
Low-cost construction . . . . .	18
Greenbelt communities . . . . .	19
Real property control . . . . .	21
UNSOLVED PROBLEMS . . . . .	22





# REPORT OF THE ADMINISTRATOR OF THE FARM SECURITY ADMINISTRATION 1938



## INTRODUCTION

ON June 30, 1938, the Department's program of assistance toward self-support for low-income farm families, now under the direction of the Farm Security Administration, reached the end of its third fiscal year.

The year witnessed several major changes in organization. On July 22, 1937, the Bankhead-Jones Farm Tenant Act was approved by the President. This act authorized the Secretary of Agriculture to lend money to farm tenants for purchase of farms, to make rehabilitation loans to farmers for subsistence, improvement and other purposes, to develop a program of land utilization, including the retirement of submarginal land, and to complete projects begun by the Resettlement Administration and other agencies.

On September 1, 1937, the Secretary of Agriculture designated the Farm Security Administration as successor to the Resettlement Administration and assigned to it responsibility for making loans to tenants for purchase of farms, for making rehabilitation loans, and for completing projects begun by the Resettlement Administration.

Responsibility for the land-utilization program authorized by the act was assigned to the Bureau of Agricultural Economics. The Land Utilization Division of the Resettlement Administration was transferred to that Bureau to assist in administering the program.

The work of the Farm Security Administration has assumed three major phases:

1. A program of rural rehabilitation similar to that administered by its predecessor. Under this program: (a) Farmers handicapped by an uneconomic

scheme of operations and unable to obtain adequate credit from any other source may obtain assistance in planning a better system of farming, and may, in addition, obtain small loans to enable them to put the plans in operation; (b) farmers overburdened with debt are helped to negotiate voluntary adjustment with their creditors; and (c) farm families in extreme distress, and without prospect of making a crop (as in drought or flood areas), may receive small grants for the purchase of food and clothing. This program is financed through emergency-relief appropriations.

2. A farm-purchase program under which tenants, sharecroppers, and farm laborers may receive loans for purchase and improvement of farms of their own. This program was authorized by title I and related sections of title IV of the Farm Tenant Act.

3. A homestead program under which the Farm Security Administration is completing 149 farm and suburban home projects begun by its predecessor.

During the year, administration of the program of rural rehabilitation has been marked by an increasing emphasis on careful farm- and home-management planning. The place of leasing arrangements in the farm plan and the health aspects of home planning have been singled out for special attention. The farm debt adjustment service has expanded its activities further into the field of burdensome group debts—such as irrigation and drainage-district bond issues. At the end of the 1937 crop year a study was made of the progress of approximately 231,000 farm families operating for a year or more under farm- and home-management plans worked out with Farm Security Administration assistance. The results of that study were hopeful and reassuring and have indicated the soundness of the program of individual farm planning.

Administration of the program of loans to tenants for farm purchase, in its initial fiscal year, was marked by a careful approach to the new problems presented. The division created to assume responsibility for the tenant purchase program set up the machinery of administration with exacting care, guided by the previous experience of the Resettlement Administration and other agencies of the Department of Agriculture in farm selection, farm appraisal, and management procedures. It is felt that the cautious approach indicated by the Congress in its appropriation policy has been justified by the results obtained during the fiscal year.

The past year's progress toward completion of the resettlement projects has culminated in the establishment of new standards in low-cost construction of rural homes.

Detailed discussions of the year's operations will be found in subsequent sections of this report.



## REHABILITATION

THE purpose of the rural-rehabilitation program is to help destitute and handicapped farm families to become self-supporting and self-reliant. Its core is the farm- and home-management plan worked out with each individual family which comes to the Farm Security Administration for aid. A loan for the purchase of essential tools and livestock—a plow, a mule, seed, a few chickens, a pressure cooker, and other simple equipment—enables the family to put the plan into operation.

Obtaining farm land adequate to support a reasonable standard of living; adjustment of debts within the ability of the family to pay; improvement in terms of land tenure; and the reduction of operating costs through group use of expensive equipment are additional steps which often are necessary to carry out the rehabilitation of such families.

## FARM AND HOME PLANNING

The farm and home plans of Farm Security Administration borrowers are the result of a careful adaptation of sound general principles to individual situations. When a family applies for aid, the county rehabilitation supervisor and home-management supervisor cooperate with them in analyzing their resources. On the basis of this inventory, an effort is made to ascertain what the family needs to make it self-supporting and self-reliant—whether that be more or better land, improved farming practices, more equipment, or thriftier management. Then the family works out, with the assistance of the supervisors, a plan for meeting these needs. The plans generally provide, insofar as possible, for a year's supply of home-grown vegetables, fruit, meat, poultry, eggs, and milk for the family's use; for ample pasture, forage, and grain for its livestock; and for the production of sufficient cash crops to meet operating expenses and repay the Farm Security Administration loan and other obligations.

Appropriate consideration is given to acreage allotments and benefit payments made by the Agricultural Adjustment Administration; to land use recommendations of the Bureau of Agricultural Economics; to cropping and erosion-control practices recommended by the Soil Conservation Service; and to technical services available from the Extension Service, the experiment stations, and the vocational agricultural and home economics departments of local schools.

To help the borrower make this common-sense planning an established habit, the supervisors also secure the cooperation of the family

in keeping farm and home record books. In these books are entered week by week the family's production and consumption of farm products, and its cash income and expenditures. Analyzed at the year's end, these records are the basis for revision of plans for the new year.

## STANDARD RURAL-REHABILITATION LOANS

Insofar as the farm plans call for additional materials, goods, and equipment, the Farm Security Administration will approve loans. Each member of a borrower's family is expected to know the purpose for which the money is to be used, and to cooperate in carrying out the farm- and home-management plan. Loans are made for not more than a 2-year period for household, crop, and feed needs; and for not more than a 5-year period for livestock and farm and home equipment. During the year standard rehabilitation loans totaling \$35,416,257 were approved for 61,883 new borrowers. Supplemental loans, principally for crop-production purposes, were approved for 137,671 former borrowers, in the amount of \$29,651,759.

## GUIDANCE FOR BORROWERS

Wherever farm and home plans call for changes in management practice or the adoption of methods new to the family, the Farm Security Administration's county supervisors offer continuing counsel and technical help. For this purpose the supervisor visits the rehabilitation farmers of his area regularly, and the home-management supervisor visits the farm wives in their homes. On these visits progress and possibilities under the farm and home plan are discussed. Instruction is given the families, both on the individual farm and in group meetings, in developing farm and home plans, keeping farm family records, and also in technical phases of crop and livestock production, food production and conservation, health and sanitation, and similar subjects.

## SECURITY OF TENURE

Since insecurity of occupancy may retard or defeat efforts to rehabilitate a farm family, the Farm Security Administration has a definite interest in the tenure arrangements of each applicant for a rehabilitation loan. It generally requires that the borrower have a written lease, which assures equitable tenure arrangements and reasonable security of occupancy.

During the past year a Tenure Improvement Section was established in the Rural Rehabilitation Division with the purpose of making



a careful study of the tenure systems that prevail throughout the United States and preparing suitable lease forms for use by rehabilitation clients and their landlords. With the cooperation of other agencies, it is carrying out a broad program designed to improve tenure arrangements of rehabilitation clients and of other tenant farmers.

Flexible lease forms have been prepared that are simple and understandable; that undertake to establish a mutual confidence between landlords and tenants; and that are intended to provide greater security of tenure. These are available to rehabilitation clients and other farmers through county supervisors, and are commonly used as a basis for tenure arrangements on which standard rehabilitation loans are made.

### MEDICAL CARE FOR LOW-INCOME FARM PEOPLE

The health of the family necessarily has a direct and important bearing on its progress toward rehabilitation. Through more than 100 medical-service plans organized throughout the country to provide rehabilitation families with medical aid, a number of experiments in types of organization and methods of approach are being worked out that should furnish a pattern for this type of service in the future.

These activities are initiated only after State medical associations have given their approval and the cooperation of local medical associations is assured. The medical-care plan in most general use not only provides more adequate health protection for participating low-income families, but also serves as a form of insurance that buttresses the family against the financial disaster which often results from an extended illness. The improved health of families participating has had a marked effect on their economic progress, and has proved one of the best safeguards for the Government's investment in those families.

### FARM-DEBT ADJUSTMENT

Functioning as part of the Rural Rehabilitation Division, farm-debt adjustment specialists especially trained in farm-credit problems work with local voluntary committees to help farm debtors and their creditors arrive at mutually beneficial agreements that will forestall litigation, wholesale foreclosure, or ill feeling.

The basis of such agreements is the normal ability of the debtor to liquidate his obligations. Each debtor is expected to meet his debts to the limit of his capacity which, in many cases, precludes the necessity of any reduction in the amount due creditors, and merely requires

a more equitable repayment plan or a reduction of interest rate. Where the burden of debt is beyond hope of repayment, adjustments in line with the ability of the debtor to pay are worked out. The ability to pay is usually increased at the same time—especially in the case of rehabilitation clients, whose farm- and home-management plans look toward an increased income through greater efficiency, proper utilization of land resources, and production of more livestock feed and food for home consumption.

Distressed farm debtors who are not clients of the Farm Security Administration receive the same consideration as those who are, although loans aiding in the adjustment may come from other sources such as the Farm Credit Administration, insurance companies, and local banks.

Debt-adjustment service is provided for groups of farmers as well as individuals. These groups include the membership of irrigation, drainage and levy districts, and similar organizations. During the past year, 16,663 individual farm-debt cases were adjusted, involving a reduction of \$13,692,560 from a prior debt of \$56,549,584. Group cases adjusted involved 4,472 farmers, with a reduction of \$3,269,462 from a prior debt of \$5,159,560.

Types of adjustment included 11,125 cases of debt reduction, 2,576 cases of debt extension, 32 cases of interest-rate reduction, and 2,930 cases of a combination of these and other methods.

## COMMUNITY AND COOPERATIVE SERVICES

Substantial progress has been made during the year in the utilization of community and cooperative services as an aid to the rural-rehabilitation program.

Emphasis has been placed on providing facilities and services necessary to rehabilitate borrowers when such facilities and services cannot be economically justified on the basis of individual use only.

In addition to loans to finance the group purchase of facilities such as purebred sires, heavy farm equipment, or health or veterinary services, emphasis has also been placed on loans to individuals to finance their participation in new cooperative associations or in existing cooperatives which will aid in rehabilitation.

## TYPES OF COMMUNITY SERVICES

Due to the transition in many sections from the one-crop system of agriculture to diversified farming, there has developed an increasing need for harvesting machinery, general farming equipment, and im-



proved livestock. It has proved practicable for an individual or groups of individuals to acquire such facilities for use by a group. Loans have thus been made to individuals to purchase and operate tractors, combines, plows, harrows, mowers, rakes, row binders, cultivators, grain drills, and other types of farm equipment for group use.

In promoting sound farm practices through diversification and increased production of food and livestock feed, loans have been made to establish livestock-improvement services, potato-curing houses, feed and grist mills, transportation services, sirup mills, home-canning equipment, hatcheries, and other facilities that can be used by a number of families in the same neighborhood.

Community and cooperative service loans have also been made to finance the participation of rehabilitation borrowers in grazing, veterinary, and medical and health services, which in many cases could not be obtained except through cooperative efforts.

Several significant developments have aided groups of families to obtain needed services.

For example, grazing associations were organized where farmers were interested in diversification and where large tracts of grazing land were available. These tracts are too large for the use of individual borrowers. They are leased by the group, and each member pays his share of the rental, based on the number of animals grazed.

Artificial insemination as a means of improving dairy herds has been included as an additional service in a selected number of veterinary associations. This service is being limited to groups within areas where the production of livestock is an important factor in the farm economy.

Particularly important has been the effort to provide modern equipment to enable groups of farmers to carry out soil conservation practices. Agreement among farmers to work together, as a group, in the use of approved equipment has been an important factor in the amount and quality of work done.

## NUMBER OF APPLICATIONS

During the year loans were made to individuals to finance establishment, operation, or participation in 2,952 such service enterprises as have been described above, involving a total of \$1,934,702.97. There were 47,310 participants in these services, approximately 90 percent of whom were rehabilitation families. These loans average \$655.39 per service, or \$40.89 for each active participant.

A total of 5,403 applications for community and cooperative services

have been approved in the regional offices during the 3-year period of the program. Fifty-four percent of these were approved during the year. These services have aided more than 100,000 families and have involved more than \$3,134,000 in loans.

Loans have been made also to individuals to finance their participation in existing cooperatives, or directly to cooperative associations. They involved \$248,750.77 and served 3,116 families.

The total of all types of community and cooperative services loans approved during the year in the regional and Washington offices is 2,990, involving \$2,183,450 and serving more than 50,000 families.

### SERVICES PROVIDED WITHOUT FUNDS

It is significant that many necessary facilities have also been made available through the efforts of the community and cooperative services personnel, without the necessity of loans being made for such purposes. Three hundred and sixty such services were made available to 1,692 farmers during the year.

Aside from the immediate financial benefits accruing to borrowers from the operation of community services, it is believed that this phase of the program is laying a firm foundation for further development of cooperative action in rehabilitating American agriculture. Small groups of individuals cooperating to obtain necessary facilities or services in restricted areas are gaining valuable experience in cooperative practices, which should stimulate the sound expansion of cooperative enterprises in future years.

### PROGRESS OF RURAL-REHABILITATION CLIENTS

A tentative survey of the progress of standard rehabilitation borrowers as of December 31, 1937, indicated that throughout the country, except in areas suffering from drought and other catastrophes, standard rural-rehabilitation clients have increased their home food production, farm diversification, working equipment, living standards, and total net worth.

A total of 231,661 client families were surveyed. These families included 1,195,826 persons. The facts brought to light graphically illustrate some of the methods and results of the program.

Many of the families who applied for loans were cultivating acreages too small to support a sound farm enterprise. These farmers were given assistance in finding additional land or a farm of a more economic size. The average number of acres in cultivation on farms operated by borrowers at the time of acceptance on the rehabilitation



program was 80 acres; at close of the 1937 crop year it was 102.5 acres.

The 231,661 farmers studied owned only 264,377 work animals at the time of acceptance on the Farm Security program. By the end of the 1937 crop year they owned 512,390 work animals.

Of these same families, 62,334 that did not own a milk cow when they applied for a loan had acquired a milk cow by the end of 1937, and 141,716 families had increased their ownership of dairy cattle; 69,759 families that had been without hogs acquired one during the same period, and 132,437 families were feeding more hogs in the fall of 1937. Of 48,375 families that did not own poultry at time of entry into the program, 36,120 acquired flocks before the end of 1937; 147,097 families had increased their ownership of poultry.

To support this increase in livestock production, borrowers increased their acreages in feed and forage crops. At time of acceptance on the program, these farmers had a total of 4,739,784 acres planted in such crops. During the last crop year they had a total of 7,343,653 acres in feed and forage.

Better farm management has produced a marked improvement in the standard of living of many borrowers. The average production of milk for each member of the family increased from 109 to 189 quarts per year. The average weight of fresh and cured meat produced for home consumption increased from 35.2 to 67.7 pounds annually for each member of the family. Production of eggs for home consumption almost doubled.

Families participating in the program planted adequate gardens to supply the home kitchen. Between peak labor periods in the fields, they canned and preserved enough food to carry the family through the winter, without resorting to heavy cash expenditures for subsistence. After joining the program, the quantity of fruits and vegetables they canned and stored increased from 21.6 to 53 quarts per year for each member of the family. The wholesale value of products produced and consumed at home increased from approximately \$121.65 per family, to an average of \$254 annually.

This rise in the standard of living has been attended by an increase in the net worth of borrowers. The decrease in cash outlay for subsistence has resulted in larger expenditures for other, more lasting, betterments. The net worth of these farm families—that is, the value of furniture, clothing, supplies, live stock and equipment, minus debts—has increased \$252 per family since they received loans from the Farm Security Administration. This meant an addition of more than \$58,417,000 to the wealth of their communities by this group of 231,661 families.

The results of the rehabilitation program cannot be measured in

dollars alone. There are, for instance, 159,242 children in this group of families who have increased their school attendance since their parents joined in the rehabilitation program.

Of the families studied, 139,000 had improved their tenure status. Of these, 98,000 changed from a verbal to a written lease, 67,000 obtained renewable leases, 65,000 changed from sharecroppers to tenants, and 66,000 moved to better farms.

County rehabilitation supervisors reported that they knew of approximately 360,000 additional farmers who apparently were in need of Farm Security loans last year, but who could not obtain them because of lack of funds.

### EMERGENCY LOANS

Emergency loans are made to low-income farm families unable to secure credit from other sources, to enable them to buy or produce feed for livestock, and to buy food for family-subsistence purposes. These loans were made in drought and flood areas where conditions did not permit the making of standard rehabilitation loans. During the year, 4,982 original emergency loans were made in the amount of \$760,056. There were also made 2,028 supplemental emergency loans in the amount of \$249,340.

### DIRECT RELIEF IN THE FORM OF GRANTS

While there was a substantial decrease in the latter part of the year in the number of grant payments made to families in areas of drought, flood, and other catastrophes, the effects of several previous years of drought still made necessary a large grant load. These grants were made where land resources and other conditions were such that standard farm loans could not be developed, to provide needy farm families with food, clothing, and medical attention. Grant payments were approved in a total amount of \$23,062,061.65. Approximately 250,000 families received such assistance at some time during the year.

### COLLECTIONS

At the end of the fiscal year the number of farm Security Administration loan cases, including standard and emergency loans, totalled 649,919. The total amount of loans outstanding was \$216,876,146, of which \$47,877,915.34 was loaned from funds of the State rehabilitation corporations. The Administration has collected \$52,625,436.05 of which \$27,786,609.57 was collected during the year. In addition,



\$23,545,272.64 has been collected in behalf of the State rehabilitation corporations.

The percentage of maturities collected by States ranges from 32.40 percent in the drought States of Nebraska, North Dakota, South Dakota, and Kansas, to 83.17 percent in Alabama, Georgia, Florida, and South Carolina. The amount collected has been influenced not only by agricultural conditions but often by the nature of security and the relatively short periods of maturity. Likewise, it has been influenced by local credit practices and by the laws of certain States that affect the terms of the notes and the security obtained. First consideration has been given to the progressive welfare of the borrower and a constructive collection program has been followed looking forward to the ultimate rehabilitation of the farmers to whom loans have been made. It is anticipated that at least 80 percent of all money loaned will eventually be returned to the Federal Treasury.

## FARM PURCHASE FOR TENANTS

THE goal of the rehabilitation program is permanent self-support for low-income families who have reached a relief or near-relief status. Through the tenant-purchase program, tenants, sharecroppers, and farm laborers, including some "graduates" from the rehabilitation program are given an opportunity to take a final step toward security through ownership of a family-size farm.

## LOANS ON LIBERAL TERMS

The essence of the tenant-purchase program is a liberal loan policy, predicated on the soundness of operator ownership as an institution. A loan may be made to a farm family that owns no land for the full value of the farm it desires to buy, plus the cost of improvements. Preference is given, however, to farmers who are able to make a down payment, or who own livestock and equipment necessary to carry on farming operations. The loan bears 3-percent interest and may be retired over a period of 40 years. As security, the Government accepts a lien on the property purchased. In lieu of additional security in the form of a lien on other property, the Government accepts the purchaser's agreement to follow a sound system of farming that will conserve the soil and the value of the property. Thus, through ownership, the farmer acquires a new incentive to protect the public interest by preserving the soil. In contrast the tenant often is tempted to mine the land for all he can get out of it, neglect buildings and improvements, and move on when the value of the farm is destroyed.

## DISTRIBUTION OF FUNDS

Of the \$10,000,000 appropriated for tenant-purchase loans during the year, 5 percent was allocated for administrative expenses, expenses of local committees, and technical services. The remaining \$9,500,000 available for loans was apportioned among the States and Territories on the basis of farm population and the prevalence of tenancy. Loans were made in a limited number of counties in each State, since an attempt to operate in all counties would have resulted in such scattered purchases that administrative costs would have risen to a prohibitive level.

The selection of counties in which loans were made was primarily the work of State farm security advisory committees. These committees, composed of local farm leaders and other persons interested in farm problems, were appointed by the Secretary of Agriculture. The counties were selected on the basis of farm population, the prevalence of tenancy, the availability of good land at reasonable prices, and other pertinent factors. Approximately 7 loans were made in each of the 333 counties recommended by State committees and designated by the Secretary of Agriculture as tenant-purchase-loan counties.

The advisory committees, in addition to recommending counties in which loans were to be made, have given the Administration invaluable assistance through their counsel on other matters of policy touching every phase of the rehabilitation, tenant-purchase, and homesteads programs.

All citizens of the designated counties, who obtain or recently had obtained most of their income from farming but who were not farm owners, were given an opportunity to apply for tenant-purchase loans. More than 38,000 such farm families filed applications during the year; in other words, there were more than 100 applications for each loan that could be made.

## SELECTION OF APPLICANTS AND FARMS

As speedily as possible after the program was initiated, a committee of three local farmers in each designated county was appointed by the Secretary in accordance with provisions of the Farm Tenant Act. Upon investigation, supplemented by their own first-hand knowledge of local people and lands, these committeemen passed on both the farmers to receive loans and the farms to be purchased.

The work of these committees greatly facilitated the selection of applicants whose character, ability, and experience fitted them to become successful farm owners. The committees also were most



effective in insuring the purchase of family-sized farms large enough and sufficiently productive to enable the borrower to pay taxes and insurance, maintain the property, provide a satisfactory living, and retire the loan. Finally, they provided considerable assistance in determining that the price of the property was in keeping with its value.

With this cooperation from local committees, 1,887 loans for purchase and improvement totaling \$9,225,083 received final approval by the end of the year.

## FARM PLANNING FOR OWNERS

Once the loans are made, administration of the tenant-purchase program, like that of the rehabilitation program, centers on farm plans worked out with the assistance of trained personnel.

Tenant borrowers make their farm plans in much the same way as rehabilitation borrowers. One important additional element, however, enters into the planning. It is possible for the new owner to lay out his scheme of operations on a long-range basis. It is difficult, and often impossible, for a tenant with a 1-year lease to plan a sound 5-year crop rotation; but for an owner, such operations are easily feasible. Planning for progressive farm improvements likewise is simpler for the owner.

## VARIABLE PAYMENTS

The Farm Tenant Act provides for repayment of tenant-purchase loans under a variable payment plan, if the borrower so desires. This plan is designed to give added security of ownership by enabling the purchaser to pay more in years of good crops or high prices, and less in years of poor crops or low prices. Under this system, the owner is protected against loss of his farm through factors beyond his control.

Payments for each year, under the variable plan, are based on the farm record book of the borrower. The payment due is calculated as a portion of the net cash income—that is, whatever is left over above operating and living expenses—earned during a crop year.

## SIZE OF LOANS

Much basic information necessary for the operation of the program has been gathered during the first year.

The experience of this year has confirmed original estimates that the amount of each loan would average less than \$5,000. On the basis of

the actual returns, the average loan from all funds, including the loans in Hawaii, amounted to \$4,890. Only 81 loans (little more than 4 percent of the total number) have been for as much as \$10,000 each and Region III reported 40 of these larger advances.<sup>1</sup> Since land prices in the South are comparatively low, Regions comprising States in that section are conspicuous for their relatively small average loans. The loan averages for the respective Regions and for Hawaii are listed in table 1, according to the seven lowest and the six highest averages.

TABLE 1.—*Tenant-purchase loan averages, all funds, fiscal year 1938*

Region	7 lowest averages	Region	6 highest averages
V.....	\$3,393	X.....	\$8,530
Hawaii.....	3,494	IX.....	7,676
VI.....	3,895	III.....	7,592
IV.....	4,834	VII.....	7,420
I.....	5,314	II.....	7,112
VIII.....	5,485	XI.....	6,801
XII.....	6,108		

United States average, \$4,890.

The price for the farm and any necessary buildings naturally absorbs the major portion of a loan under the tenant-purchase program. Of the \$9,300,216 total cost for the purchase of farms and buildings, improvements, and fees during the 1938 fiscal year, \$7,685,161, or about 83 percent, went for the farm real estate, exclusive of expenditures for new construction and improvements.

Purchase prices varied widely in the different Regions; they were generally lowest, as was to be expected, in southern areas. The general average approximated \$4,075. Table 2 shows the total number of farms approved for purchase during the year, together with the number of farms in seven purchase-price groups. Attention is particularly directed to the large totals for Regions V and VI in the two lowest price categories.

Further analysis of the aggregate cost of all farms for purchase from loans approved during the year discloses that \$1,522,012, or about 16 percent, went into new construction and property improvements. Regions V and VI, in which land prices are relatively low, show the largest expenditure for construction of new dwellings and for

<sup>1</sup> The States in each Region are: Region I, Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New Jersey, New York, Pennsylvania, Delaware, Maryland, and District of Columbia; Region II, Michigan, Wisconsin, and Minnesota; Region III, Missouri, Ohio, Illinois, Iowa, and Indiana; Region IV, West Virginia, Virginia, Kentucky, Tennessee, and North Carolina; Region V, South Carolina, Georgia, Alabama, and Florida; Region VI, Arkansas, Mississippi, and Louisiana; Region VII, North Dakota, South Dakota, Nebraska, and part of Kansas; Region VIII, parts of Texas and Oklahoma; Region IX, California, Nevada, Utah, and Arizona; Region X, part of Colorado, Wyoming, and Montana; Region XI, Washington, Oregon, Idaho, and Alaska; Region XII, New Mexico, and portions of Colorado, Texas, Oklahoma, and Kansas.



TABLE 2.—Total number of farms approved for purchase from loans approved during the 1938 fiscal year, and number of farms in purchase-price groups

Region	Total farms	Farms in purchase-price group						
		\$2,500 and under	\$2,501 to \$3,500	\$3,501 to \$4,500	\$4,501 to \$5,500	\$5,501 to \$7,500	\$7,501 to \$10,000	Above \$10,000
I.....	54	9	7	12	9	8	9	0
II.....	64	0	5	10	10	17	13	9
III.....	182	5	13	20	31	38	48	27
IV.....	303	61	63	76	49	46	8	0
V.....	505	273	166	53	9	3	0	1
VI.....	385	224	109	28	5	13	4	2
VII.....	82	1	6	6	8	26	30	5
VIII.....	231	36	41	44	27	72	10	1
IX.....	16	0	0	0	3	10	2	1
X.....	15	0	0	1	1	9	4	0
XI.....	18	0	1	1	1	13	2	0
XII.....	24	0	1	8	5	7	3	0
Hawaii.....	8	5	1	1	1	0	0	0
Total.....	1,887	614	413	260	159	262	133	46

repairs of old dwellings. In fact, those two Regions, together with Regions IV and VIII, account for more than 83 percent of the total for the four cost groups in table 3. The percentages in this table are based on the total cost, which includes purchase prices and fees.

TABLE 3.—Loans from all funds which included amounts for new construction and improvements, fiscal year 1938

Region	New dwellings			Repairs to dwellings			Other buildings <sup>1</sup>			Land improvement		
	Num-ber	Amount used for	Per-cent of total cost	Num-ber	Amount used for	Per-cent of total cost	Num-ber	Amount used for	Per-cent of total cost	Num-ber	Amount used for	Per-cent of total cost
I.....	0	0	0	21	\$10,376	3.6	24	\$14,579	5.0	4	\$485	0.2
II.....	0	0	0	41	6,219	1.3	56	24,683	5.3	11	598	.1
III.....	0	0	0	120	28,030	2.0	146	56,502	4.0	107	19,639	1.4
IV.....	22	\$31,222	2.1	244	64,683	4.4	252	59,890	4.1	227	47,854	3.3
V.....	139	137,033	7.9	348	107,835	6.2	487	111,086	6.4	407	57,524	3.3
VI.....	204	258,571	17.2	175	68,684	4.6	336	97,717	6.5	289	37,105	2.5
VII.....	2	2,260	.4	54	11,794	1.9	55	16,323	2.7	14	2,771	.5
VIII.....	56	60,272	4.7	160	52,575	4.1	199	56,145	4.4	141	19,379	1.5
IX.....	1	1,850	1.5	12	3,685	3.0	7	1,985	1.6	1	600	.5
X.....	6	9,972	7.7	10	2,778	2.2	13	8,908	6.9	8	1,762	1.4
XI.....	0	0	0	11	1,782	1.4	10	2,339	1.9	5	700	.5
XII.....	6	4,789	3.2	16	2,733	1.8	23	6,538	4.4	9	572	.4
Hawaii.....	4	5,475	19.6	3	1,475	5.3	3	1,225	4.4	3	1,005	3.6
Total...	440	511,449	5.5	1,215	362,649	3.9	1,611	457,920	4.9	1,226	189,994	2.0

<sup>1</sup> New building construction or repairs.

THE HOMESTEAD PROJECTS

The homestead projects being completed by the Administration represent earlier experimental approaches to the problem of helping low-income farm families attain security on good land.

Rural homestead projects at present complete or under development number 146. Ultimately they will accommodate 15,417 families. On June 30, 1938, 76 projects were completed, providing homesteads for 6,264 families. Other projects still in the construction stage are sufficiently near completion to have families in residence. Families on all projects number 8,947.

## RURAL HOMESTEADS

In order to explore the possibilities of various types of land purchase, home construction, land use, economic organization, farm practice, and community activities, the Administration has established projects of many types, each adapted to suit local conditions. No two projects are quite alike.

In general, however, the rural projects are of three major types—scattered-farm projects, farm-community projects, and subsistence-homestead projects.

### SCATTERED FARMS

The scattered-farm projects offer low-income farm families opportunities very similar to those offered by the tenant-purchase program. Single farms, scattered through areas in which schools and community facilities are already available, are purchased by the Government. Farm buildings are repaired or rebuilt to meet minimum standards of sanitation and efficiency. Assistance in working out a sound farm and home plan and in financing its operation is extended to the family. The family then is given an opportunity to purchase the farm on a long-term, low-interest basis.

The procedure on the scattered-farm projects differs somewhat from that under the tenant-purchase program. Under the tenant-purchase program, land is directly acquired by the farmer himself. Under the project program, the farmer rents the farm for several crop years before entering contract for purchase. This test period is intended to make certain a satisfactory adjustment of the farmer to the land, before the long-term obligation is entered into. If, as is generally the case, the arrangement proves satisfactory, the rentals paid during the leasing period are applied to the purchase price.

### FARM COMMUNITIES

The rural-community projects offer low-income farm families security on good land and an opportunity to plan long-range improvements, as do the tenant-purchase and scattered-farm projects. In addition, they offer opportunities for cooperative action by an entire



neighborhood, which may increase the efficiency of individual farm operations and broaden the horizons of farm life.

Large-scale farms that can use highly mechanized operation methods have, in some areas, become a serious threat to the small, family-sized farm enterprise. The small farm, for example, may not be large enough to justify the use of a tractor or other heavy machinery. If a number of small farmers band together, however, they can take advantage of these modern, large-scale methods, and at the same time preserve the traditional values of independent farm ownership.

As a rule, this banding together of small farmers living on the same project takes the form of a cooperative organization. Project cooperative associations on June 30 had a total membership of approximately 4,500 heads of homestead families. Loans during the year to 16 new cooperative organizations amounted to \$2,202,735, and to cooperative organizations set up in previous years, \$326,858, making a total of \$2,529,563 in cooperative loans during the year. This amount brings the grand total of loans made to cooperative associations on resettlement projects, since the initiation of this service, to \$6,761,472. Although they have not been advanced all of their loan funds and will not reach their full development for at least 2 more years, their total transactions during the fiscal year exceeded \$3,000,000.

Rural communities can also carry on educational and social activities of the more wholesome types. Thirty-two combination school-community buildings, 26 community buildings, 9 school buildings, 14 health buildings, and 12 teacherages have been built in connection with resettlement projects.

#### SUBSISTENCE HOMESTEADS

The subsistence-homestead projects differ from the farm projects in offering families in industrial employments an increase in security, in the form of a supplemental farm income, rather than the more inclusive type of security derived entirely from a sound farm enterprise. The subsistence homesteads are designed to permit residents to raise much of their food on their own garden plots, while earning cash income either in nearby towns, or in industries established within the communities.

The subsistence homesteads were started in July 1933 by the Subsistence Homesteads Division of the Department of the Interior. The Resettlement Administration and its successor, the Farm Security Administration, later took them over. This Administration has now substantially completed 26 subsistence-homestead projects and 3 others are nearing completion. Twelve of the completed projects have been turned over for management to nonprofit associations formed by the residents.

These associations take title to the property, and give a mortgage to the Government. They are responsible for the collection of individual payments from the homesteaders, for managing and maintaining the community, and for paying off the debt to the Government. The communities are incorporated under the laws of their respective States and are subject to taxation just like any other village. The residents of most projects work in trades or industries already existing in nearby cities; but in a few cases small industries have been established on the project. Virtually all residents were raised on farms, or have had some farming experience.

### LOW-COST CONSTRUCTION

As experience with the various types of projects matures, comparisons of their successes may yield information of vital importance to the future of American agriculture. Already, however, the project program has developed certain building methods that may prove of major significance to American industry.

In the course of 3 years' experience, engineers of the Farm Security Administration have devised low-cost methods of rural home building that set new standards in that field. They have worked out a system of precutting and prefabrication on a mass-production basis that makes it possible to build sturdy, attractive rural homes for as little as \$250 a room.

Construction of the earliest projects was started under the pressure of a national emergency, to provide speedy employment for men on relief. It was inevitable that the cost of building some of the first homes should be undesirably high.

When the Resettlement Administration was transferred to the Department of Agriculture on January 1, 1937, immediate steps were taken to reduce construction costs to an absolute minimum. It was determined that the construction cost of a farm unit, including home and outbuildings, should be limited to between \$2,900 and \$4,200, the higher-cost units in the Northern States, where more insulation and weather protection is necessary. These standards were not set at the expense of quality construction. With reasonable maintenance, the houses being built within these cost limits should last considerably longer than the period required to amortize the investment.

The first step in reducing construction costs was to work out scientific plans and specifications, which would give maximum space and utility for the smallest possible expenditure. Every unnecessary gable, beam, and rafter was eliminated. No purely decorative features were used. Standard materials and sizes were employed throughout.



Designs of this type made possible a large degree of precutting and prefabrication. A small portable sawmill, set up on the project site to cut lumber for a large number of similar houses according to exact specifications, reduced costs and increased accuracy of cutting. Precut planks and timbers were then assembled into standard panels. Building of wall sections in this manner requires only a fraction of the time and cost consumed by ordinary methods.

A truck then delivers sections and joining timbers to the building site where they are speedily nailed together. Complicated parts, such as window and door frames, are prefabricated at the mill, so they can be installed with a minimum of labor. Even forms for pouring concrete foundations are made at the mill. Painted inside with creosote before every pouring, each one can be used six or seven times.

Precutting at the sawmill takes only about one-sixth of the time that would be required for cutting with handsaws at the building site. In addition to assuring machine precision, it makes possible more uniform supervision. Selection of stock is simplified, so that odds and ends of lumber which ordinarily would go to the scrap heap can be put to good use.

These methods made it practicable to use relatively unskilled rural labor, without lowering standards of workmanship. Whenever possible, the homes were built by the people who were to live in them and pay for them; they had every incentive, therefore, to keep labor costs low.

Interior finishing is simple. In the South, the inside walls usually are made of vertical tongue-and-groove wooden sheathing; in the North, plastered walls and weatherboard exteriors were necessary to meet the more severe weather conditions. The ceilings of northern houses are insulated, while the roof peaks of southern houses are vented to permit a maximum circulation of air.

## GREENBELT COMMUNITIES

Three of the Farm Security Administration's projects come under still another category. They are the greenbelt towns, developed in suburban areas of Washington, Cincinnati, and Milwaukee.

These three communities, initiated for the dual purpose of providing employment and demonstrating an improved type of community planning, contain 2,200 family units. They each include a number of farm units, although the projects are designed primarily to provide modest, wholesome homes for low-income families in crowded cities.

On June 30 construction was completed on all three suburban towns. It is intended that these projects will be so managed as to

foster a family and community life that is better than the residents previously enjoyed. The first families occupied homes in Greenbelt in October 1937; families started moving into Greenhills and Greendale in May 1938.

Table 4 gives figures concerning the number of dwellings in the greenbelt towns and the families living there on June 30.

TABLE 4.—*Occupancy, rent, and family data for greenbelt towns as of June 30, 1938*

Town	Dwell- ings <sup>1</sup>	Families in residence in suburban units	Average monthly rent	Average an- nual income of families in residence	Median age of family heads
	<i>Number</i>	<i>Number</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Years</i>
Greenbelt, Md.-----	885	777	31. 47	1, 560	29
Greenhills, Ohio-----	676	235	25. 00	1, 771	33
Greendale, Wis.-----	572	191	28. 63	1, 624	33

<sup>1</sup> Exclusive of rural units which number 56 and 74 for Greenhills and Greendale, respectively.

Of the three suburban towns, Greenbelt, Md., was the only one with an established local government in operation at the close of the year. Greenhills and Greendale are still administered by managers appointed by the Administration, and are under the political jurisdiction of the county in which they are located. This arrangement will continue until the new towns are completely inhabited and a majority of the citizens petition their respective counties for the authority to establish their own government.

Greenbelt is a chartered town under the laws of the State of Maryland and has a city-manager form of government. This government consists of a town council, elected by the voters, and a town manager, appointed by the council. The council is composed of five members, of which one member, chosen by the remaining councilmen, is named mayor. The council, as representative of the voters and as the legislative unit of the government, also formulates policies of administration and operation.

The combination school-community buildings erected in the greenbelt towns provide an opportunity for a high quality of education and a wide variety of community activities. The school buildings will lend themselves to the type of education the residents of the community desire and can support. The facilities also can be used for practically any type of adult educational and recreational activities.

The schools in all three greenbelt towns are operated by the board of education of the county or school district in which they are located. In this way they are closely integrated with the educational system of the county and State.

In each of the communities general stores and service establish-



ments have been provided. Theaters also have been established at Greenbelt and Greendale, while at Greenhills the auditorium of the community building has been equipped for stage and film productions. In general, the education and community facilities have been grouped in a central location in the project to provide easy access from all residential areas.

The planning of the community organization has grown out of the sincere stimulation and advisory direction of organizations initiated by the local residents. In each community, committees have been chosen by the people to outline plans for the organization of an over-all educational, social, and recreational program. At Greenbelt, where the municipal government unit has already been established, these committees advised and worked with the town council.

When governmental units are developed in the other two communities, the committees now operating will, undoubtedly, take over the same function. In each of the communities these organizations have been developed and are operating in an efficient manner. One of the most noteworthy results of this community activity is the establishment of a health center at Greenbelt, and the planning for health centers at the other two projects.

## REAL PROPERTY CONTROL

Maintenance and operation of projects has been a function of increasing importance in the Administration. On June 30, \$774,418.31 was due, and of this amount \$705,268.20 was collected, from families living on 86 projects. Including rents and purchase payments from three State rural rehabilitation corporation projects, 13 projects in which the Administration and State corporations made joint investments, and nonprofit community associations, the amount of \$1,359,-368.47 was due. Collections totaling \$1,150,315.77 were made.

Detailed studies were made of the operations of the 12 homestead associations organized during the previous year, including such problems as maintenance, taxes and insurance, and collections and accounting. In some instances, additional investments of funds held by the association have been authorized. Homestead associations have, for the most part, operated successfully with increasing participation on the part of the boards of directors, composed of homesteaders, in the actual management of the associations.

A new farmstead lease and purchase contract has been developed for use in the sale of farm properties to individual clients, where construction loans have not been made and homestead associations will not immediately be formed. This contract is based on the home-

steads' ability to pay, in accordance with the production on their farm units. Thus payment will be dependent on actual production and will be calculated as a percentage of the crops. In this way, it is hoped that the economic position of the homesteaders will be stabilized.

In order to protect the Government's investment, properties are adequately covered by insurance. On June 30 a total of \$36,024,015 in insurance certificates had been written on resettlement projects. In addition, there was outstanding coverage in the form of insurance binders totaling approximately \$6,000,000. This insurance program has already proved its value in replacing buildings where losses have occurred.

Maintenance of properties has been cared for from reserve funds set up in part out of rents paid by residents on resettlement projects. In order to pay political subdivisions for educational and other services supplied to resettlement projects, 406 agreements were entered into at 62 projects, involving a total payment in lieu of taxes of \$277,800.60.

## UNSOLVED PROBLEMS

PROBLEMS closely related to those now within the scope of the Farm Security Administration, but not at present being met by adequate programs of action, have been the subject of inquiry during the year.

The increasing mechanization of farm production is changing many former tenants into migrant farm laborers. The problems of this group, precipitated down the agricultural ladder by circumstance, have not as yet found a satisfactory answer. On the Pacific coast, where many thousands of seasonal agricultural workers have for years presented serious economic and social problems, the camps of the Farm Security Administration have continued in operation. They furnish temporary residence and sanitary facilities to the migrants. Need for additional camps in that region, and in other regions where mechanization is increasing, has been studied carefully.

The camps, however, can by no means be termed a complete solution for the problems of this group of landless farmers. Some of the health aspects of the problem have been made less threatening; but little permanent security can be attained by migrant families through the camp program. Rehabilitation and security for these and other stranded groups are yet to be approached on a basis leading toward a permanent solution.